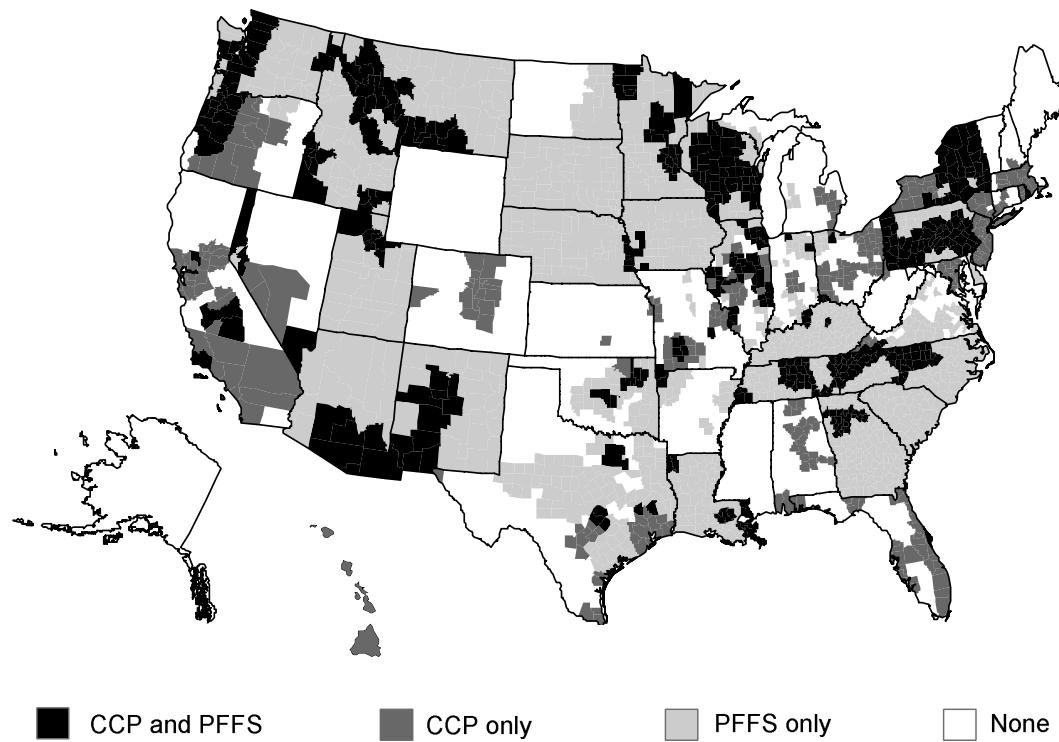


S E C T I O N

13

Medicare+Choice and Medicare Advantage

Chart 13-1. Counties with MA plans, 2005

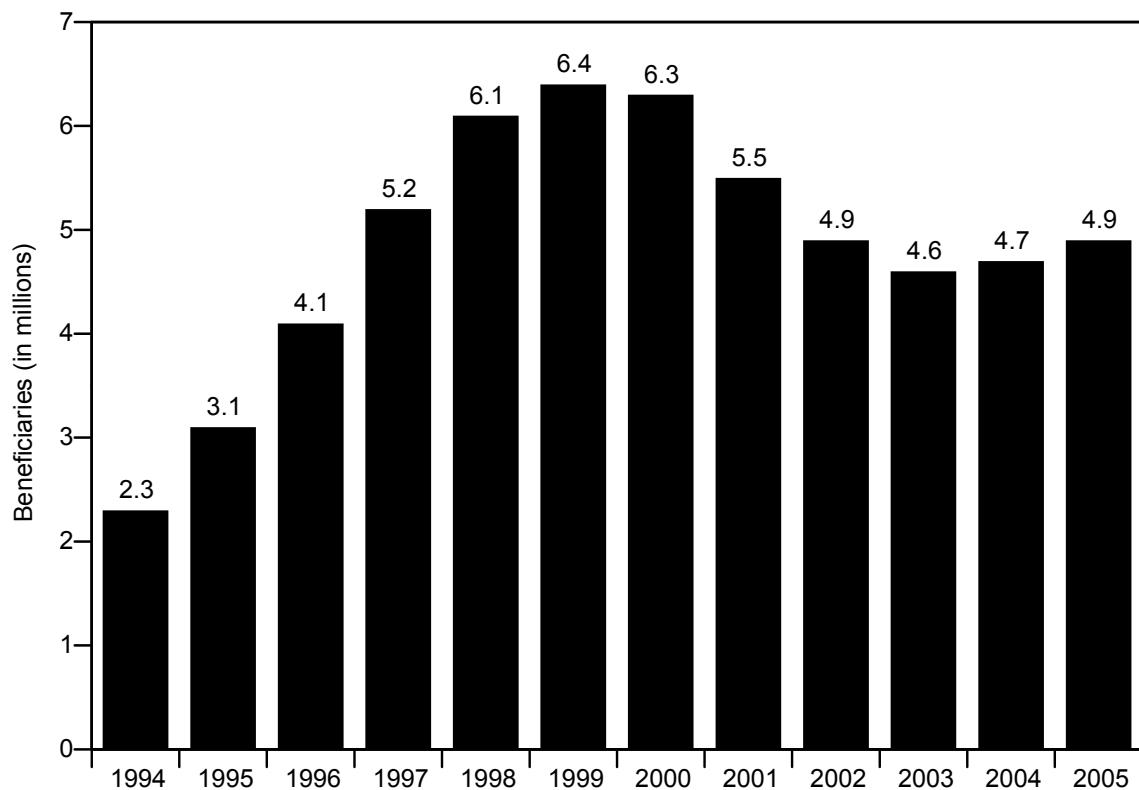


Note: MA (Medicare Advantage), CCP (coordinated care plan), PFFS (private fee-for-service).

Source: Medicare Health Plan Compare database, May 2005. Available at <http://www.medicare.gov>.

- Coordinated care plans (CCPs) and private fee-for-service plans (PFFS) are the two current types of Medicare Advantage plans. CCPs coordinate care for their members, while PFFS plans act as indemnity insurers.
- MA plans are available in at least parts of 45 states—CCPs are available in 42 states, while 3 states have only PFFS plans available. Several states have CCPs available in a very limited area.
- Coordinated care plans are available to 67 percent of Medicare beneficiaries in 2005—up from 61 percent in 2004. Private FFS plans are available to 45 percent of beneficiaries—up from 31 percent in 2004. Overall, 84 percent of beneficiaries live in a county where MA plans are available in 2005—up from 77 percent in 2004.
- MA plans that include some coverage of outpatient prescription drugs are available to 74 percent of all Medicare beneficiaries and to 88 percent of all beneficiaries who have access to any MA plan.
- MA plan availability is likely to increase in 2006 as regional PPOs are introduced and MA plans receive some Medicare payment towards prescription drug costs.

Chart 13-2. Enrollment in MA plans, 1994–2005

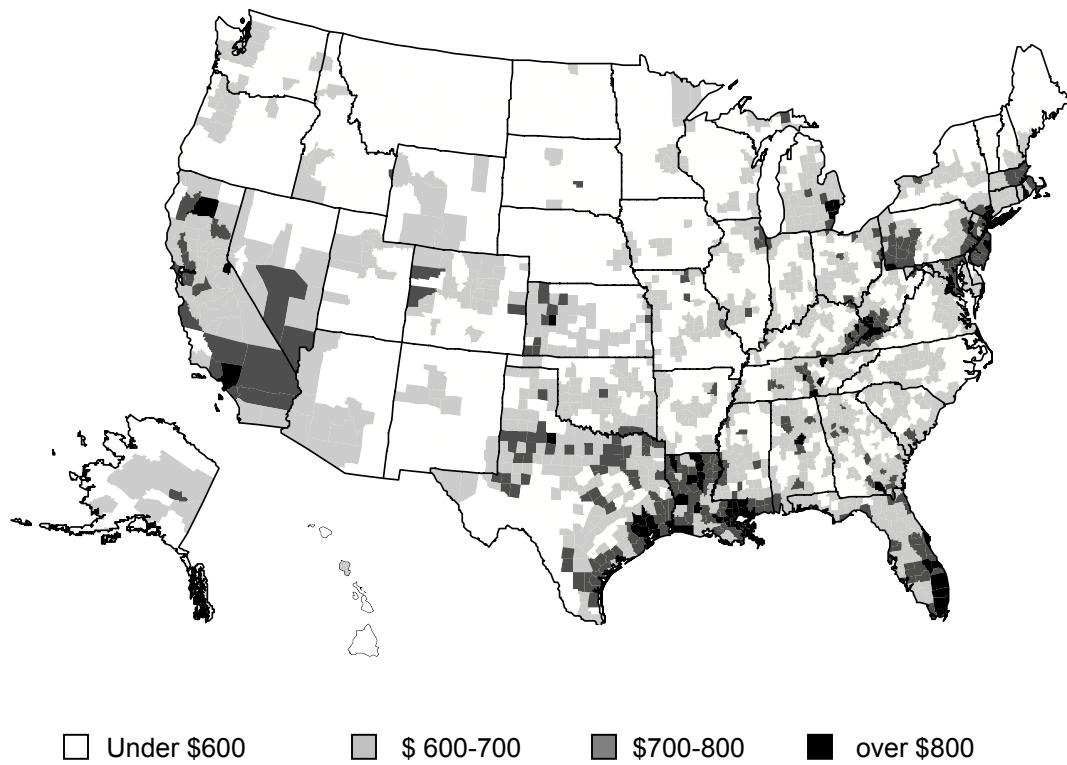


Note: MA (Medicare Advantage).

Source: Medicare Managed Care Contract (MMCC) Plans, Monthly Summary Report, CMS. May 2005.
Available at <http://cms.hhs.gov/healthplans/statistics/mmcc>.

- Medicare enrollment in private health plans paid on an at-risk capitated basis rose rapidly throughout the 1990s, peaking at 6.4 million enrollees in 1999 (17 percent of all Medicare beneficiaries), and declined steadily to a low of 4.6 million enrollees in 2003 (12 percent of all Medicare beneficiaries).
- Following the MMA, the program was renamed Medicare Advantage, payments increased, and enrollment increased to 4.9 million enrollees by May of 2005 (13 percent of all Medicare beneficiaries).
- Beginning in 2006, beneficiaries will be able to choose between local and regional MA plans.

Chart 13-3. Counties, by MA payment rates, 2005

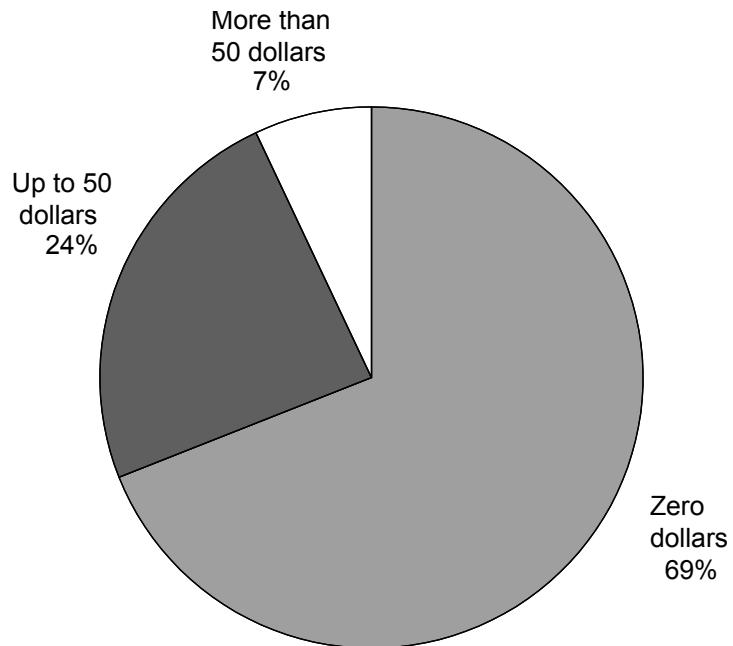


Note: MA (Medicare Advantage).

Source: CMS website, 2005.

- Medicare payment rates (standardized for demography) for MA plans in U.S. counties range from \$592 to \$1,222 per month.
- The counties with rates under \$600 per month contain 18 percent of Medicare beneficiaries and only 3 percent of MA plan enrollees.
- The counties with rates between \$600 and \$700 contain 47 percent of Medicare beneficiaries and 43 percent of plan enrollees.
- The counties with rates between \$700 and \$800 contain 20 percent of Medicare beneficiaries and 28 percent of plan enrollees.
- The counties with rates above \$800 contain 15 percent of Medicare beneficiaries and 26 percent of plan enrollees.

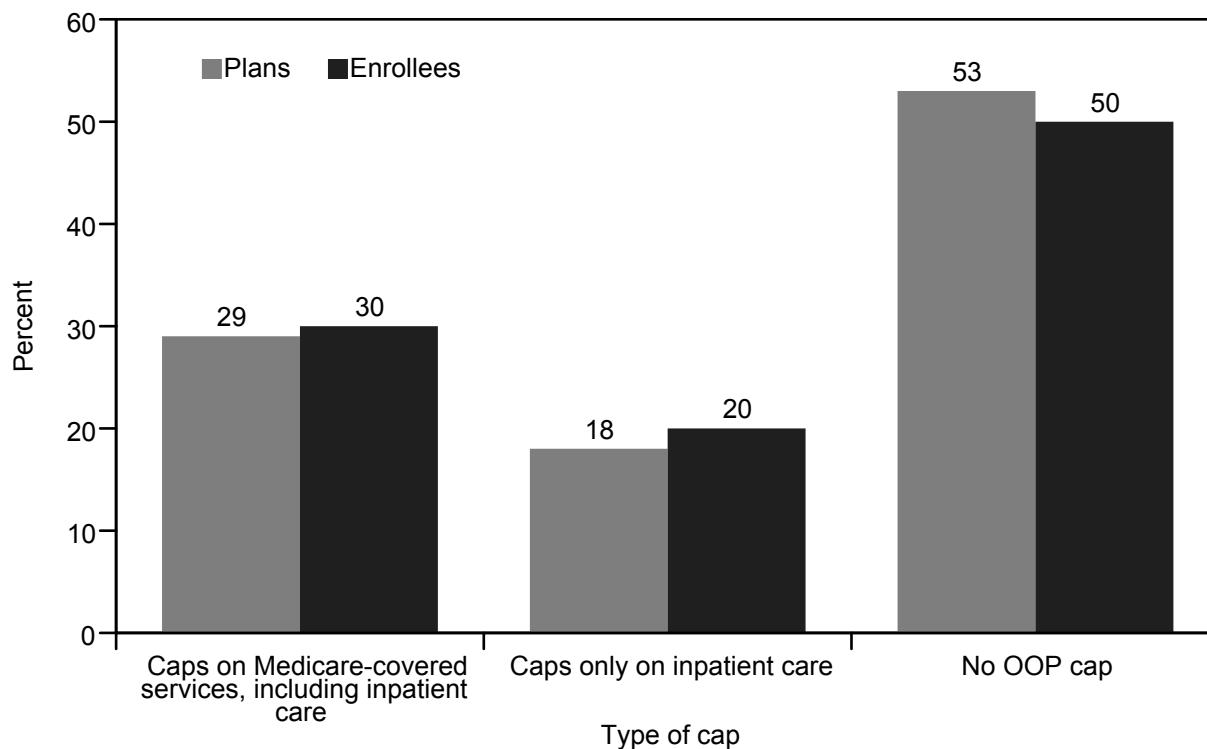
Chart 13-4. Lowest monthly premiums Medicare beneficiaries would have to pay to enroll in an available Medicare plan, 2005



Source: MedPAC analysis of CMS data, May 2005. Available at <http://www.medicare.gov>.

- Twenty-five million beneficiaries (or 69 percent of beneficiaries with plans available) can enroll in zero-premium options, that is, no premiums beyond the Part B premium. Of those beneficiaries, 6 million can enroll in zero-premium options that rebate between \$6.90 and the full \$78.20 Part B monthly premium.
- Almost one-third of beneficiaries with plans available have to pay a premium—in addition to the Part B premium—to enroll in any private plan option, and 7 percent have to pay a monthly premium of \$50 or more.

Chart 13-5. Distribution of plans and enrollees, by out-of-pocket cap, 2004

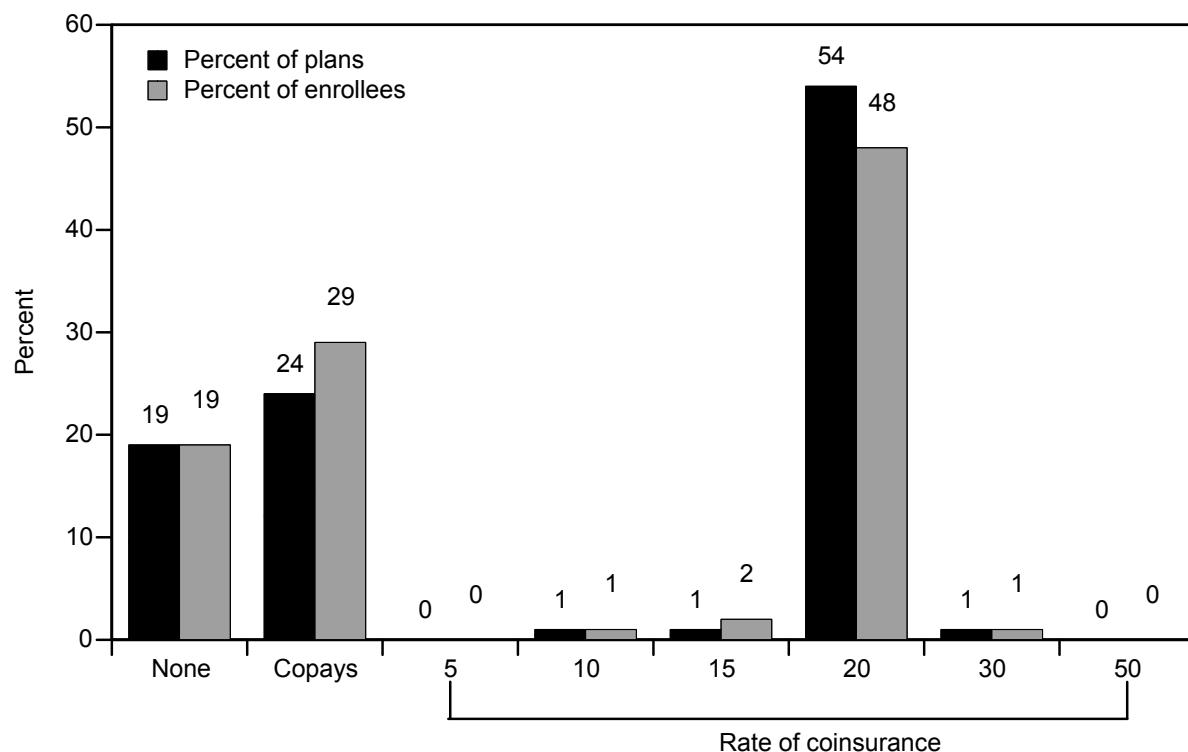


Note: OOP (out-of-pocket).

Source: MedPAC analysis of 2004 plan benefit package data from CMS.

- Cost sharing for certain types of services, especially inpatient hospital stays, can reach high dollar amounts.
- Twenty-nine percent of plans and about the same percent of enrollees have OOP caps on some or all Medicare-covered services, including inpatient care.
- Eighteen percent of plans covering 20 percent of beneficiaries have OOP caps for inpatient hospital care.
- The remaining 53 percent of plans covering 50 percent of beneficiaries do not have any limits on beneficiary OOP expenses.

Chart 13-6. MA plan cost sharing for drugs covered under Medicare Part B, 2004

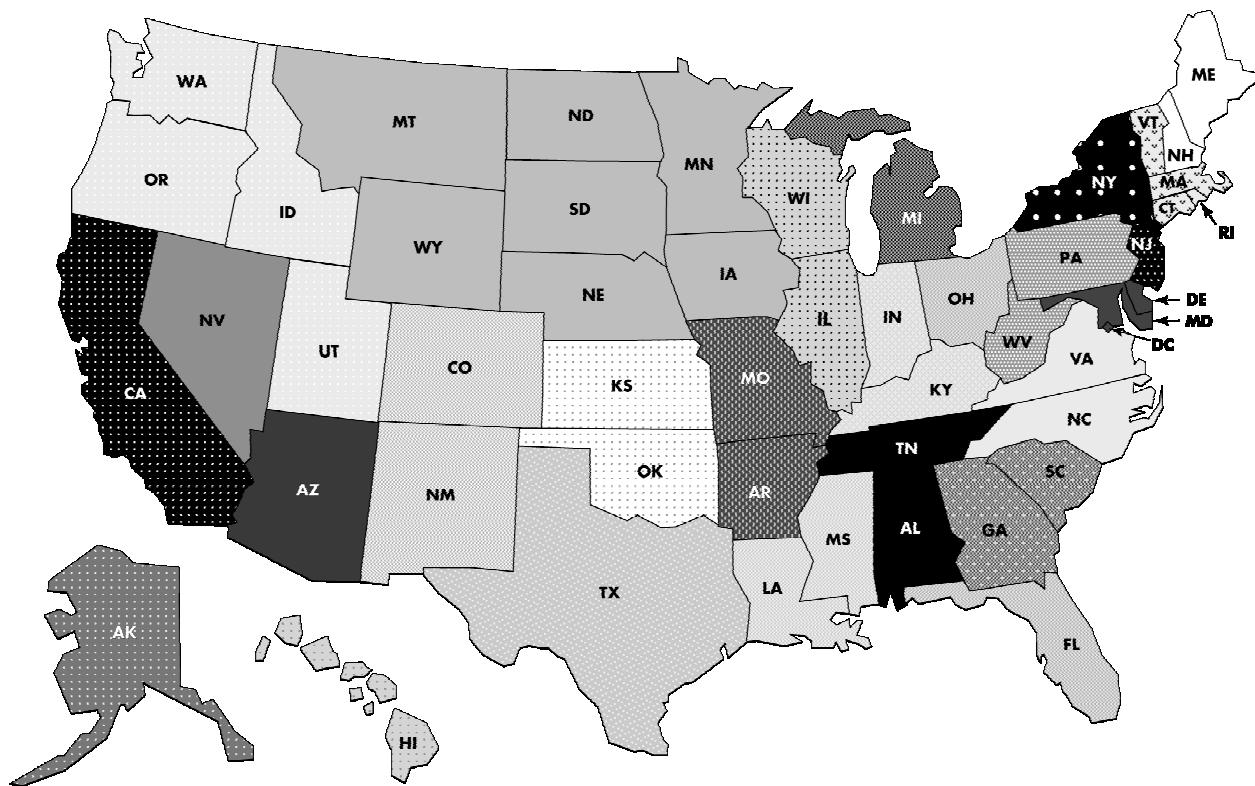


Note: MA (Medicare Advantage). Less than 10 percent of the plans we analyzed require a combination of copayments and coinsurance, depending upon the type of drug administered. These plans are shown in the bars that reflect percent coinsurance.

Source: MedPAC analysis of 2004 Plan Benefit Package data from CMS.

- Nearly 20 percent of MMA plans do not require cost sharing for Part B-covered drugs.
- A quarter of plans require copayments for Part B-covered drugs. Most copayments are \$10 to \$100 per administration, although some plans charge \$500 or more per treatment.
- Fifty-seven percent of plans require coinsurance, with the majority of plans charging 20 percent coinsurance. Cost sharing under fee-for-service Medicare is 20 percent.
- Additional information can be found in MedPAC's mandated report on benefit design and cost sharing in Medicare Advantage plans, available at http://www.medpac.gov/publications/congressional_reports/Dec04_CostSharing.pdf.

Chart 13-7. MA Regions



Note: MA (Medicare Advantage).

Source: CMS website, 2005. <http://www.cms.hhs.gov/medicarereform/mmaregions/mamap/mamap.asp>.

- In 2006, regional preferred provider organizations (PPOs) will be offered in the Medicare Advantage program.
- CMS chose 26 PPO regions based on factors including population size, sufficient numbers of existing competitors, and preservation of geographic patient flows.
- As of May 2005, plans had indicated an interest in becoming regional PPOs in 21 of the 26 PPO regions.

Web links. Medicare+Choice and Medicare Advantage

- Chapter 3 of MedPAC's June 2005 Report to the Congress provides information on Medicare Advantage plans.
http://www.medpac.gov/publications/congressional_reports/June05_Ch3.pdf
- CMS provides information on Medicare+Choice and other Medicare managed care plans.
<http://cms.hhs.gov/healthplans/>
- The official Medicare website provides information on plans available in specific areas and the benefits they offer.
<http://www.medicare.gov/mphCompare/home.asp>